

Maine Revised Statutes
Title 10: COMMERCE AND TRADE
Chapter 110: FINANCE AUTHORITY OF MAINE

§1026-A. INSURANCE OF LOANS

1. Insurance. The authority may make commitments and agreements to insure loan payments. Any loan insurance must be subject to the following:

A. Loan insurance may not exceed:

(1) One hundred percent of the principal amount of the loan made to any borrower including related entities for any of the following types of loans or projects:

(a) Loans to veterans and wartime veterans, except that the authority may not at any time have, in the aggregate amount of the principal and interest outstanding, loan insurance obligations pursuant to this division exceeding \$5,000,000;

(b) Underground and aboveground oil storage facility projects and projects to install equipment related to the improvement of air quality pursuant to requirements for gasoline service station vapor control and petroleum liquids transfer vapor recovery, except that the authority may not at any time have, in the aggregate amount of the principal and interest outstanding, loan insurance obligations pursuant to this division exceeding \$5,000,000;

(c) Clean fuel vehicle projects and sustainable biofuel vehicle projects, except that the authority may not at any time have, in the aggregate amount of the principal and interest outstanding, loan insurance obligations pursuant to this division exceeding \$5,000,000;

(d) Waste oil disposal site clean-up projects, except that the authority may not at any time have, in the aggregate amount of the principal and interest outstanding, loan insurance obligations pursuant to this division exceeding \$1,000,000; or

(e) The Plymouth waste oil remedial study, except that the authority may not at any time have, in the aggregate amount of the principal and interest outstanding, loan insurance obligations pursuant to this division exceeding \$1,000,000; and

(2) Ninety percent of the principal amount of the loan made to any borrower, including related entities for any other manufacturing enterprise, industrial enterprise, recreational enterprise, fishing enterprise, agricultural enterprise, natural resource enterprise or any other eligible business enterprise; [2009, c. 124, §3 (AMD).]

B. The loan must be serviced as required by the authority; [2003, c. 537, §30 (AMD); 2003, c. 537, §53 (AFF).]

C. [2003, c. 537, §53 (AFF); 2003, c. 537, §30 (RP).]

D. The authority must determine that there is a reasonable prospect that the loan will be repaid; [2003, c. 537, §30 (NEW); 2003, c. 537, §53 (AFF).]

E. The loan must be in compliance with the credit policy of the authority; [2003, c. 537, §30 (NEW); 2003, c. 537, §53 (AFF).]

F. Loan insurance payments may not exceed the lesser of:

(1) Principal, outstanding accrued interest and collection costs approved by the authority; and

(2) The original insured amount; and [2003, c. 537, §30 (NEW); 2003, c. 537, §53 (AFF).]

G. Terms other than those specified in paragraphs A to F as may be required by law or by rule of the authority. [2003, c. 537, §30 (NEW); 2003, c. 537, §53 (AFF).]

The authority may provide insurance for related entities of up to \$7,000,000.

Notwithstanding any provision to the contrary in this chapter, the authority may provide special loan insurance benefits to veterans and wartime veterans determined by rule of the authority developed in consultation with the Department of Defense, Veterans and Emergency Management, Bureau of Maine Veterans' Services.

For all loan insurance liability in excess of \$1,000,000 and in other instances when the authority determines it is appropriate, the authority shall obtain a written assessment from the Department of Environmental Protection of the environmental conditions known by the department to exist at a project location so that the authority fully considers environmental risks when making its decisions. Environmental conditions posing risks that must be considered include, but are not limited to, licensing obligations, existing or historic regulatory noncompliance and site clean-up responsibilities.

[2009, c. 124, §3 (AMD) .]

1-A. Coinsurance.

[2003, c. 537, §53 (AFF); 2003, c. 537, §30 (RP) .]

2. Loan eligibility. The authority may insure loan payments under this subchapter subject to the following requirements:

A. The loan must be secured by a lien on or a security interest in eligible collateral, subject to such encumbrances, including, without limitation, coordinate first liens, as are acceptable to the authority; [2003, c. 537, §30 (AMD); 2003, c. 537, §53 (AFF).]

B. The eligible collateral must be owned, leased, used or held by or otherwise benefit an eligible enterprise; [2003, c. 537, §30 (AMD); 2003, c. 537, §53 (AFF).]

C. The documents must contain provisions satisfactory to the authority pertaining to the payment of principal and interest and contain covenants and other provisions satisfactory to the authority pertaining to taxes, assessments, repairs, maintenance, insurance, default, remedies, transfer or alteration of eligible collateral, change in management or control of the business and such other matters as the authority may determine; and [2003, c. 537, §30 (AMD); 2003, c. 537, §53 (AFF).]

D. Other conditions prescribed by law or by the authority must have been complied with. [2003, c. 537, §30 (AMD); 2003, c. 537, §53 (AFF).]

[2003, c. 537, §30 (AMD); 2003, c. 537, §53 (AFF) .]

3. Mortgage insured loan limitation for small businesses.

[2003, c. 537, §53 (AFF); 2003, c. 537, §30 (RP) .]

4. Ineligible for loan insurance. The authority may not provide loan insurance for the following:

A. Investment real estate; [2003, c. 537, §30 (NEW); 2003, c. 537, §53 (AFF).]

B. Religious organizations; [2003, c. 537, §30 (NEW); 2003, c. 537, §53 (AFF) .]

C. Fraternal organizations; [2003, c. 537, §30 (NEW); 2003, c. 537, §53 (AFF) .]

D. Residential housing, other than congregate or group housing; or [2003, c. 537, §30 (NEW); 2003, c. 537, §53 (AFF).]

E. Consumer loans. [2003, c. 537, §30 (NEW); 2003, c. 537, §53 (AFF).]

[2003, c. 537, §30 (NEW); 2003, c. 537, §53 (AFF) .]

5. Limitations on loan insurance. The authority may establish a maximum insurance liability for particular sectors and for existing loans by rule. Rules adopted pursuant to this subsection are routine technical rules as defined in Title 5, chapter 375, subchapter 2-A.

[2009, c. 131, §1 (AMD) .]

SECTION HISTORY

1985, c. 344, §49 (NEW). 1985, c. 714, §§16-18 (AMD). 1987, c. 697, §6 (AMD). 1991, c. 854, §§A3-6 (AMD). 1993, c. 319, §1 (AMD). 2003, c. 537, §30 (AMD). 2003, c. 537, §53 (AFF). 2009, c. 124, §3 (AMD). 2009, c. 131, §1 (AMD).

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